

REMARKS

With entry of the foregoing amendment, claims 1-24 are pending in the present application, with claims 1, 18 and 20 being in independent form. Claims 1 and 18 have been amended.

Rejections under 35 U.S.C. § 101 (non-statutory subject matter)

Claims 1-17 stand rejected under 35 U.S.C. § 101. Applicant respectfully traverses.

For a process to be statutory, the process must be limited to a "practical application of the abstract idea or mathematical algorithm in the technological arts." M.P.E.P § 2106. In this case, claim 1 has been amended to include the step of assessing the risk of the borrower defaulting. Thus, the method, as now claimed, is limited to a "practical application" of the mathematical algorithm because assessing the risk of a borrower is clearly a practical and quite useful application. Accordingly, claims 1-17 recite statutory subject matter.

Rejections under 35 U.S.C. §§ 102 and 103 (Anticipation and Obviousness)

Claims 1-24 stand rejected under 35 U.S.C. 102 as being anticipated by Tom (U.S. 5,832,465) and claims 4-7, 9, 12, 13, 15, and 22 stand rejected under 35 U.S.C. 103 as being obvious in view of Tom. Applicant respectfully traverses these rejections.

With respect to claim 1, Applicants submit that Tom neither anticipates nor renders obvious claim 1 because Tom does not teach or suggest all of the features of claim 1. For example, Tom, at the least, does not teach or suggest:

calculating ... a probability of default for the borrower, wherein the calculating step comprises multiplying the first credit factor by the weight placed on the first credit factor to produce a first intermediate result, multiplying the second credit factor by the weight placed on the second credit factor to produce a second intermediate result, and summing the first and second intermediate results,

as is recited in claim 1.

Tom discloses an expert system that can be used to deny or grant a loan application. The method performed by the Tom system is different from the claimed method in multiple ways.

First, the Tom system does not calculate a probability of default. Rather, the Tom system merely assigns a "credit worthiness" to each loan applicant. The credit worthiness is either (1) strong, (2) medium or (3) weak. Tom simply does not calculate a probability value representing the mathematical probability that the loan applicant will default (i.e., a "probability of default for the borrower").

Second, even if we were to assume that the credit worthiness output of the Tom system is a "probability of default for the borrower" (it is not), the method used by the system to determine the credit worthiness does not anticipate the claimed method. It does not anticipate because, among other things, the Tom method does not calculate the credit worthiness by "multiplying [a] first credit factor by [a] weight placed on the first credit factor to produce a first intermediate result, multiplying [a] second credit factor by [a] weight placed on the second credit factor to produce a second intermediate result, and summing the first and second intermediate results," as is recited by claim 1.

Applicants admit that Tom discloses using weights to determine the "credit worthiness" of a loan applicant. However, those weights are not equivalent to or used in the

same way as the claimed weights. The weights disclosed in Tom function to "transform" an "aggregated evidence value" into an output value. See *Tom, Col. 8, lines 57 to Col. 9, line 15* ("the weighting function,  $S$ , is a transformation (i.e., linear or non-linear) from the  $[-1,1]$  space to the  $[-1,1]$  .... The input of the weighting function,  $S$ , is the aggregated evidence value") (emphasis added).

At no point does Tom teach or suggest multiplying each credit factor by an assigned weight as is claimed in claim 1. Accordingly, even if the "credit worthiness" output of the Tom system is a probability of default for the borrower, Tom does not anticipate or render obvious the invention defined by claim 1.

Applicant, therefore, respectfully requests that the rejection of claim 1 be withdrawn.

With respect to claims 18 and 21, those claims are written in "mean-plus-function" format. Accordingly, those claims should be construed so that each means-plus-function element is interpreted to cover the corresponding structure and equivalents thereof.

More specifically, with respect to claim 18, claim 18 recites "means for determining, using said plurality of first inputs and said plurality of second inputs, a set of weights, each weight in the set being placed on one of said plurality of credit factors for each of said borrowers." The structure corresponding to this element is a computer programmed according to the method illustrated in figure 5. The method illustrated in figure 5 is neither taught nor suggested by Tom. For example, the method of figure 5 requires measuring the fit between calculated probabilities of default with observed defaults. Tom simply does not teach or suggest this step. Accordingly, Tom does not teach or suggest the claimed means for determining a set of weights. Applicant, therefore,

respectfully requests that the rejection of claim 18 be withdrawn.

Like claim 18, claim 21 recites "means for ... determine[ing], using said first input and said second input, a set of weights to be placed on each of said plurality of credit factors." Accordingly, claim 21 is allowable over Tom for the same reasons given above with respect to claim 18.

Lastly, with respect to the remaining claims, each of the remaining claims depends from one of claim 1, 18 and 20. Accordingly, each of these dependent claims is allowable over Tom for at least one the reasons given above.

#### CONCLUSION

All of the stated grounds of objection and rejection have been properly traversed, accommodated, or rendered moot. Applicants therefore respectfully request that the Examiner reconsider all presently outstanding objections and rejections, and that they be withdrawn.

If the Examiner believes, for any reason, that personal communication will expedite prosecution of this application, the Examiner is invited to telephone the undersigned at the number provided.

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